

109TH CONGRESS
1ST SESSION

H. R. 4256

To amend the Social Security Act and the Internal Revenue Code of 1986 to assure comprehensive, affordable health insurance coverage for all Americans through an American Health Benefits Program.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 2005

Mr. LANGEVIN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Social Security Act and the Internal Revenue Code of 1986 to assure comprehensive, affordable health insurance coverage for all Americans through an American Health Benefits Program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American Health Benefits Program Act of 2005”.

6 (b) FINDINGS.—Congress finds the following:

1 (1) UNINSURED AMERICANS AND LACK OF AC-
2 CESS TO CHOICES.—(A) In 2002, 43.6 million Amer-
3 icans were uninsured, 80 percent of whom were em-
4 ployed (or dependents of individuals who were em-
5 ployed).

6 (B) Health care providers provided to unin-
7 sured Americans \$35 billion in care for which they
8 were not compensated by the individuals or through
9 insurance.

10 (C) Only 8 percent of employers providing
11 health benefits are able to offer their employees a
12 choice between two or more health plans.

13 (2) DOUBLE-DIGIT GROWTH IN EMPLOYER
14 COSTS.—In 2003 the average per capita cost for em-
15 ployers to provide health benefits coverage increased
16 by almost 14 percent. This was the third consecutive
17 year of double-digit increases in such cost.

18 (3) ADMINISTRATIVE EFFICIENCY OF USING
19 FEHBP MODEL FOR PROVIDING HEALTH INSURANCE
20 COVERAGE.—(A) The private insurance market pre-
21 sents increasing administrative challenges for em-
22 ployers in seeking out, contracting with, and admin-
23 istering health benefits.

24 (B) The Federal Employee Health Benefits
25 Program (FEHBP) currently manages negotiations

1 with health insurers over premiums and benefits on
 2 behalf of 8.6 million Federal employees and retirees
 3 and their dependents.

4 (C) Overhead costs for employers providing
 5 health benefits coverage can be over 30 percent for
 6 employers with fewer than 10 employees and about
 7 12 percent for employers with more than 500 em-
 8 ployees.

9 (D) In comparison, the overhead cost of cov-
 10 erage provided under FEHBP is about 3 percent.

11 (4) EXPANSION OF FEHBP MODEL TO COVER
 12 UNINSURED AND OTHER AMERICANS.—Requiring
 13 participation in an FEHBP-style program would ex-
 14 pand consumer choice, ensure portability and con-
 15 tinuity of coverage, improve incentives for cost con-
 16 tainment, and stabilize the burden on businesses

17 (5) PERSONAL RESPONSIBILITY.—A recent sur-
 18 vey indicates that a clear majority of Americans sees
 19 securing health insurance coverage as a personal re-
 20 sponsibility for themselves and others.

21 (c) TABLE OF CONTENTS.—The table of contents of
 22 this Act is as follows:

Sec. 1. Short title; findings; table of contents.

Sec. 2. Establishment of American Health Benefits Program.

“TITLE XXII—AMERICAN HEALTH BENEFITS PROGRAM

“Sec. 2201. Establishment of program.

“Sec. 2202. Eligibility; requirement of coverage.

“Sec. 2203. Qualified health plans; benefits; premiums.

“Sec. 2204. Government contribution; American Health Benefits Program Trust Fund.

“Sec. 2205. Premium and cost-sharing subsidies for lower income individuals.

“Sec. 2206. Administration.

“Sec. 2207. Definitions.

Sec. 3. Collection of premiums, subsidies, and employer funding.

“PART VIII—AMERICAN HEALTH BENEFITS PROGRAM PREMIUMS

“Sec. 59B. American Health Benefits Program premiums.

“Sec. 36. Subsidy and prepayment of American Health Benefits premiums.

“CHAPTER 25—AMERICAN HEALTH BENEFITS PROGRAM

“Sec. 3451. Tax on employers.

“Sec. 3452. Refund of tax in case of qualified employer-provided coverage.

“Sec. 3453. Instrumentalities of the United States.

Sec. 4. Amendments to the medicaid program and SCHIP.

Sec. 5. Studies.

1 **SEC. 2. ESTABLISHMENT OF AMERICAN HEALTH BENEFITS** 2 **PROGRAM.**

3 (a) IN GENERAL.—The Social Security Act is amend-
4 ed by adding at the end the following new title:

5 **“TITLE XXII—AMERICAN** 6 **HEALTH BENEFITS PROGRAM**

7 **“SEC. 2201. ESTABLISHMENT OF PROGRAM.**

8 “There is established under this title a program (to
9 be known as the ‘American Health Benefits Program’) to
10 provide comprehensive health insurance coverage to all
11 Americans who are not covered under certain Federal
12 health insurance programs and who are not eligible for
13 employer-provided insurance coverage. The coverage shall
14 be provided in a manner similar to the manner in which
15 coverage has been provided to Members of Congress and
16 Federal government employees and retirees and their de-

1 pendants under the Federal Employees Health Benefits
2 Program (FEHBP).

3 **“SEC. 2202. ELIGIBILITY; REQUIREMENT OF COVERAGE.**

4 “(a) ELIGIBILITY.—

5 “(1) IN GENERAL.—Each AHBP-eligible indi-
6 vidual is eligible to enroll in a qualified health plan
7 offered under this title.

8 “(2) AHBP-ELIGIBLE INDIVIDUAL DEFINED.—

9 “(A) IN GENERAL.—For purposes of this
10 title, the term ‘AHBP-eligible individual’ means
11 an individual residing in the United States who
12 is—

13 “(i) a citizen or national of the United
14 States;

15 “(ii) an alien lawfully admitted to the
16 United States for permanent residence;

17 “(iii) an alien admitted into the
18 United States under section 207 of the Im-
19 migration and Nationality Act (relating to
20 refugees);

21 “(iv) an alien otherwise permanently
22 residing in the United States under color
23 of law (as specified by the Commissioner);
24 or

1 “(v) an alien with the status of a non-
 2 immigrant who is within a class of long-
 3 term nonimmigrants under section
 4 101(a)(15) of the Immigration and Nation-
 5 ality Act that the Commissioner deter-
 6 mines, in consultation with the Secretary
 7 of Homeland Security, to be appropriate.

8 “(B) EXCEPTIONS.—Such term does not
 9 include the following individuals:

10 “(i) INDIVIDUALS ELIGIBLE FOR
 11 QUALIFIED EMPLOYER-PROVIDED COV-
 12 ERAGE.—An individual who is eligible for
 13 employer-provided coverage, as defined in
 14 section 2207(6), whether an employee, de-
 15 pendent, or otherwise.

16 “(ii) INCARCERATED INDIVIDUALS.—
 17 An individual who is incarcerated (as spec-
 18 ified by the Commissioner).

19 “(b) REQUIREMENT OF COVERAGE.—

20 “(1) IN GENERAL.—Except as provided in this
 21 subsection, each AHBP-eligible individual shall be
 22 enrolled in a qualified health plan under this title.

23 “(2) EXCEPTION FOR INDIVIDUALS DEM-
 24 ONSTRATING PUBLIC HEALTH INSURANCE COV-
 25 ERAGE.—The requirement of paragraph (1) shall

1 not apply to an individual who demonstrates cov-
2 erage under any of the following:

3 “(A) MEDICARE.—Coverage under parts A
4 and B (or under part C) of title XVIII.

5 “(B) MEDICAID.—Coverage under a State
6 plan under title XIX.

7 “(C) TRICARE/CHAMPUS.—Coverage
8 under the TRICARE program under chapter
9 55, of title 10, United States Code.

10 “(D) INDIAN HEALTH SERVICES.—Cov-
11 erage under a medical care program of the In-
12 dian Health Service or of a tribal organization.

13 “(E) VETERANS HEALTH.—Coverage
14 under the veterans health care program under
15 chapter 17 of title 38, United States Code, if
16 the coverage for the individual involved is deter-
17 mined to be not less than the coverage provided
18 under a qualified health plan, based on the indi-
19 vidual’s priority for services as provided under
20 section 1705(a) of such title.

21 “(3) EXCEPTION FOR NONIMMIGRANTS.—The
22 requirement of paragraph (1) shall not apply to an
23 individual described in subsection (a)(2)(A)(v).

24 “(c) ENROLLMENT; DEFAULT ENROLLMENT.—

1 “(1) IN GENERAL.—The Commissioner shall es-
2 tablish a process for AHBP-eligible individuals to
3 enroll in qualified health plans. Such process shall
4 be based on the enrollment process used under
5 FEHBP and shall provide for the dissemination of
6 information to AHBP-eligible individuals on quali-
7 fied health plans being offered.

8 “(2) DEFAULT ENROLLMENT.—

9 “(A) IN GENERAL.—The Commissioner
10 shall establish a procedure under which an
11 AHBP-eligible individual who is required under
12 subsection (b) to enroll, but is not enrolled, in
13 a qualified health plan will be assigned to, and
14 enrolled in, such a plan.

15 “(B) RULES.—In carrying out subpara-
16 graph (A), the Commissioner shall assign
17 AHBP-eligible individuals and families to plans
18 the premium of which is below the average pre-
19 mium for the AHBP region or other area in
20 which the individuals or families reside.

21 “(3) CHANGES IN ENROLLMENT.—The Com-
22 missioner shall establish enrollment procedures that
23 include an annual open season and permit changes
24 in enrollment with qualified health plans at other
25 times (such as by reason of changes in marital or

1 dependent status). Such procedures shall be based
2 on the enrollment procedures established under
3 FEHBP.

4 “(d) TREATMENT OF FAMILY MEMBERS.—Enroll-
5 ment under this title shall include both individual and
6 family enrollment, in a manner similar to that provided
7 under FEHBP. To the extent consistent with eligibility
8 under subsection (a), the Commissioner shall provide rules
9 similar to the rules under FEHBP for the enrollment of
10 family members who are AHBP-eligible individuals in the
11 same plan, except that such rules shall permit a family
12 consisting only of a married couple to elect to enroll each
13 spouse in a different qualified health plan.

14 “(e) CHANGES IN PLAN ENROLLMENT.—The Com-
15 missioner shall provide for and permit changes in the
16 qualified health plan in which an individual or family is
17 enrolled under this section in a manner similar to the
18 manner in which such changes are provided or permitted
19 under FEHBP. The Commissioner shall provide for termi-
20 nation of such enrollment for an individual at the time
21 the individual is no longer an AHBP-eligible individual.

22 “(f) ENROLLMENT GUIDES.—The Commissioner
23 shall provide for the broad dissemination of information
24 on qualified health plans offered under this title. Such in-
25 formation shall be provided in a comparative manner,

1 similar to that used under FEHBP, and shall include in-
 2 formation, collected through surveys of enrollees, on meas-
 3 ures of enrollee satisfaction with the different plans.

4 **“SEC. 2203. QUALIFIED HEALTH PLANS; BENEFITS; PRE-**
 5 **MIUMS.**

6 “(a) OFFERING OF PLANS.—

7 “(1) CONTRACTS.—The Commissioner shall
 8 enter into contracts with entities for the offering of
 9 qualified health plans in accordance with this title.
 10 Such contracts shall be entered into in a manner
 11 similar to the process by which the Director of the
 12 Office of Personnel Management is authorized to
 13 enter into contracts with health benefits plans under
 14 FEHBP.

15 “(2) REQUIREMENTS FOR ENTITIES OFFERING
 16 PLANS.—No such contract shall be entered into with
 17 an entity for the offering of a qualified health plan
 18 in a region unless the entity—

19 “(A) is licensed as a health maintenance
 20 organization in that State or is licensed to sell
 21 group health insurance coverage in that State;

22 “(B) meets such requirements, similar to
 23 requirements under FEHBP, as the Commis-
 24 sioner may establish relating to solvency, orga-

1 nization, structure, governance, access, and
2 quality; and

3 “(C) agrees to participate in the high-risk
4 reinsurance pool described in subsection (d).

5 “(3) CONTRACTING WITH LIMITED NUMBER OF
6 PLANS IN A REGION WITHIN TYPES OF PLANS.—

7 “(A) IN GENERAL.—The Commissioner
8 shall contract with only a limited number of
9 qualified health plans of each type (as specified
10 under subparagraph (B)) in each AHBP region.

11 “(B) TYPES OF PLANS.—For purposes of
12 subparagraph (A), the Commissioner shall clas-
13 sify the different types of qualified health plans,
14 such as fee-for-service plans, health mainte-
15 nance plans, preferred provider plans, and other
16 types of plans.

17 “(b) FEHBP SCOPE OF BENEFITS.—

18 “(1) COMPREHENSIVE BENEFITS.—Qualified
19 health plans shall provide for the same scope and
20 type of comprehensive benefits that have been pro-
21 vided under FEHBP, including the types of benefits
22 described in section 8904 of title 5, United States
23 Code and including benefits previously required by
24 regulation or direction (such as preventive benefits,

1 including childhood immunization and cancer screen-
2 ing, and mental health parity) under FEHBP.

3 “(2) NO EXCLUSION FOR PRE-EXISTING CONDI-
4 TIONS.—Qualified health plans shall not impose pre-
5 existing condition exclusions or otherwise discrimi-
6 nate against any enrollee based on the health status
7 of such enrollee (including genetic information relat-
8 ing to such enrollee) .

9 “(3) OTHER CONSUMER PROTECTIONS.—Quali-
10 fied health plans also shall meet consumer and pa-
11 tient protection requirements that the Commissioner
12 establishes, based on similar requirements previously
13 imposed under FEHBP, including protections of pa-
14 tients’ rights previously effected pursuant to Execu-
15 tive Memorandum.

16 “(c) COMMUNITY-RATED PREMIUMS.—

17 “(1) IN GENERAL.—The premiums established
18 for a qualified health plan under this title for indi-
19 vidual or family coverage shall be community-rated
20 and shall not vary based on age, gender, health sta-
21 tus (including genetic information), or other factors.

22 “(2) COLLECTION PROCESS.—The Commis-
23 sioner shall establish a process for the timely and
24 accurate collection of premiums owed by enrollees,
25 taking into account any Government contribution

1 under section 2204(a) and any premium subsidy re-
2 ferred to in section 2205(a). Such process shall in-
3 clude methods for payment through payroll with-
4 holding, as well as payment through automatic deb-
5 iting of accounts with financial institutions, and
6 shall be coordinated with the application of section
7 59B of the Internal Revenue Code of 1986. Such
8 premiums shall be deposited into the American
9 Health Benefits Program Trust Fund established
10 under section 2204(c).

11 “(d) HIGH-RISK REINSURANCE POOL.—The Com-
12 missioner shall establish an arrangement among the enti-
13 ties offering qualified health plans under which such enti-
14 ties contribute in an equitable manner (as determined by
15 the Commissioner) into a fund that provides payment to
16 plans for a percentage (specified by the Commissioner and
17 not to exceed 90 percent) of the costs that they incur for
18 enrollees beyond a predetermined threshold specified from
19 time to time by the Commissioner.

20 “(e) MARKETING PRACTICES AND COSTS.—The
21 Commissioner shall monitor marketing practices with re-
22 spect to qualified health plans in order to assure—

23 “(1) the accuracy of the information dissemi-
24 nated regarding such plans; and

1 “(2) that costs of marketing are reasonable and
 2 do not exceed a percentage of total costs that is
 3 specified by the Commissioner and that takes into
 4 account costs of market entry for new qualified
 5 health plans.

6 **“SEC. 2204. GOVERNMENT CONTRIBUTION; AMERICAN**
 7 **HEALTH BENEFITS PROGRAM TRUST FUND.**

8 “(a) GOVERNMENT CONTRIBUTION.—

9 “(1) IN GENERAL.—The Commissioner shall
 10 provide each year for a contribution under this sub-
 11 section towards the coverage provided under this
 12 title for those AHBP-eligible individuals who are re-
 13 quired to be enrolled in a qualified health plan under
 14 section 2202(b). Except as provided in this sub-
 15 section, the amount of such contribution shall be de-
 16 termined using the same methodology that is applied
 17 for purposes of determining the Government con-
 18 tribution under section 8906 of title 5, United
 19 States Code and shall not exceed 75 percent of the
 20 premium for the plan selected.

21 “(2) USE OF REGIONAL WEIGHTED AVERAGE.—
 22 Instead of computing the Government contribution
 23 using methodology under section 8906(b)(1) of title
 24 5, United States Code, based on 72 percent of the
 25 weighted average premium for qualified health plans

1 nationally, the Commissioner shall compute such
2 contribution based on 72 percent of the weighted av-
3 erage premium for qualified health plans in each re-
4 gion involved (as identified by the Commissioner).

5 “(b) PLAN PAYMENT.—

6 “(1) IN GENERAL.—The Commissioner shall
7 provide for payment of qualified health plans of the
8 premiums for such plans, as adjusted under this
9 subsection.

10 “(2) RISK ADJUSTED PAYMENT.—The payment
11 to a qualified health plan under this subsection shall
12 be adjusted in a budget-neutral manner specified by
13 the Commissioner to reflect the actuarial risk of the
14 enrollees in the plan compared to an average actu-
15 arial risk.

16 “(3) REDUCTION FOR ADMINISTRATIVE EX-
17 PENSES AND CONTINGENCY RESERVE.—The Com-
18 missioner shall provide for a uniform percentage re-
19 duction in payment otherwise made to a qualified
20 health plan under this subsection. Such percentage
21 shall consist of the following:

22 “(A) CONTINGENCY RESERVE.—A percent-
23 age (not to exceed 3 percent) to provide for a
24 contingency reserve described in section
25 2206(h)(1).

1 “(B) FEDERAL ADMINISTRATIVE COSTS.—

2 A percentage (not to exceed 5 percent) to cover
3 Federal administrative costs in implementing
4 this title.

5 “(c) TRUST FUND.—

6 “(1) ESTABLISHMENT.—There is hereby estab-
7 lished a trust fund, to be known as the ‘American
8 Health Benefits Program Trust Fund’ (in this sub-
9 section referred to as the ‘Trust Fund’) .

10 “(2) DEPOSITS.—The Trust Fund shall consist
11 of such gifts and bequests as may be provided in
12 section 201(i)(1) and such amounts as may be de-
13 posited in, or appropriated to, such fund as provided
14 in this title. There are hereby appropriated to the
15 Trust Fund, out of any moneys in the Treasury not
16 otherwise appropriated, amounts equivalent to 100
17 percent of—

18 “(A) the taxes imposed by section 3451 of
19 the Internal Revenue Code of 1986 with respect
20 to wages reported to the Secretary of the
21 Treasury or the Secretary ’s delegate pursuant
22 to subtitle F of such Code, as determined by
23 the Secretary of the Treasury by applying the
24 applicable rates of tax under such section to
25 such wages, which wages shall be certified by

1 the Commissioner of Social Security on the
2 basis of records of wages established and main-
3 tained by such Commissioner in accordance
4 with such reports;

5 “(B) the taxes imposed by section 1401(c)
6 of the Internal Revenue Code of 1986 with re-
7 spect to self-employment income reported to the
8 Secretary of the Treasury or the Secretary’s
9 delegate pursuant to subtitle F of such Code, as
10 determined by the Secretary of the Treasury by
11 applying the applicable rates of tax under such
12 section to such self-employment income, which
13 self-employment income shall be certified by the
14 Commissioner of Social Security on the basis of
15 records of self-employment established and
16 maintained by such Commissioner in accord-
17 ance with such returns; and

18 “(C) the excess of the amounts imposed
19 under section 59B of the Internal Revenue
20 Code of 1986 over the amounts of credits al-
21 lowed under section 36.

22 The amounts appropriated by the preceding sentence
23 shall be transferred from time to time from the gen-
24 eral fund in the Treasury to the Trust Fund, such
25 amounts to be determined on the basis of estimates

1 by the Secretary of the Treasury of the taxes, speci-
 2 fied in the preceding sentence, paid to or deposited
 3 into the Treasury; and proper adjustments shall be
 4 made in amounts subsequently transferred to the ex-
 5 tent prior estimates were in excess of or were less
 6 than the taxes specified in such sentence.

7 “(3) APPLICATION OF TRUST FUND PROVI-
 8 SIONS.—The provisions of subsections (b) through
 9 (f) of section 1817 shall apply to the Trust Fund in
 10 the same manner as they apply to the Federal Hos-
 11 pital Insurance Trust Fund, except that, for pur-
 12 poses of this paragraph, any reference in such sub-
 13 sections to a provision of the Internal Revenue Code
 14 of 1986 is deemed a reference to the corresponding
 15 provision of such Code referred to in paragraph (2)
 16 of this subsection.

17 **“SEC. 2205. PREMIUM AND COST-SHARING SUBSIDIES FOR**
 18 **LOWER INCOME INDIVIDUALS.**

19 “(a) PREMIUM SUBSIDIES.—The Commissioner, in
 20 consultation with the Secretary of the Treasury, shall as-
 21 sist individuals in estimating the amount of the premium
 22 subsidy which will be allowed to such individuals under
 23 section 36 of the Internal Revenue Code of 1986 with re-
 24 spect to any month, and shall take the estimated amount

1 of such premium subsidy into account for purposes of col-
2 lecting any premium under section 2203(c)(2).

3 “(b) COST-SHARING SUBSIDIES.—

4 “(1) NO COST-SHARING FOR INDIVIDUALS WITH
5 FAMILY INCOME BELOW LOWEST INCOME THRESH-
6 OLD.—In the case of a cost-sharing subsidy-eligible
7 individual whose family income is less than the low-
8 est income threshold, there shall be a cost-sharing
9 subsidy so the cost-sharing is reduced to zero.

10 “(2) NO COST-SHARING FOR PREGNANT WOMEN
11 AND CHILDREN.—In the case of a cost-sharing sub-
12 sidy-eligible individual who is under 18 years of age
13 or who is a pregnant woman, there shall be a cost-
14 sharing subsidy so the cost-sharing is reduced to
15 zero.

16 “(3) SLIDING SCALE FOR OTHER INDIVID-
17 UALS.—In the case of cost-sharing subsidy-eligible
18 individuals not described in paragraph (1) or (2),
19 the Commissioner, in consultation with the Secretary
20 of the Treasury, shall establish a schedule of cost-
21 sharing subsidies consistent with this paragraph.
22 Under such schedule the amount of a cost-sharing
23 subsidy for such individuals shall be such that—

24 “(A) the cost-sharing is nominal (as de-
25 fined for purposes of section 1916(a)(3)) for in-

1 dividuals whose family income is at the lowest
2 income threshold; and

3 “(B) as the family income increases from
4 such lowest income threshold to twice such
5 threshold, the cost-sharing subsidy is reduced in
6 a ratable matter to zero.

7 “(4) APPLICATION OF A PREVIOUS YEAR’S FAM-
8 ILY INCOME.—In applying this subsection for cost-
9 sharing subsidies for expenses incurred for services
10 furnished in a year, family income shall be deter-
11 mined based on the modified AGI, as defined in
12 paragraph (7)(D), for taxable years ending in or
13 with the previous year (or, if information on such
14 modified AGI for such taxable years is not available
15 on a timely basis, for the most recent taxable years
16 for which such information is so available).

17 “(5) APPLICATION FOR SUBSIDIES.—A cost-
18 sharing subsidy shall not be available to a cost-shar-
19 ing subsidy-eligible individual under this subsection
20 unless an application, in a form and manner and
21 containing such information and in such frequency
22 as the Commissioner shall specify, has been made
23 for such subsidy.

24 “(6) PAYMENT OF SUBSIDIES TO PLANS.—The
25 Commissioner shall establish the form of additional

1 payments to qualified health plans to compensate
2 such plans for cost-sharing subsidies provided to en-
3 rollees under this subsection. Such payments may be
4 in such form as the Commissioner specifies and may
5 include—

6 “(A) a capitation payment, in an amount
7 that reflects the per capita actuarial value of
8 such subsidies;

9 “(B) reimbursement for the reductions in
10 cost-sharing made to carry out this subsection;
11 or

12 “(C) a combination of the methodologies
13 under subparagraphs (A) and (B).

14 “(7) DEFINITIONS.—For purposes of this sub-
15 section:

16 “(A) COST-SHARING SUBSIDY-ELIGIBLE IN-
17 DIVIDUAL DEFINED.—The term ‘cost-sharing
18 subsidy-eligible individual’ means an AHBP-eli-
19 gible individual—

20 “(i) who is enrolled, and required
21 under section 2202(b) to be enrolled, in a
22 qualified health plan under this title;

23 “(ii) whose family income does not ex-
24 ceed twice the lowest income threshold (as
25 defined in subparagraph (B)); and

1 “(iii) who does not have in effect (and
2 any of whose family members does not
3 have in effect), in a form and manner
4 specified by the Commissioner, in consulta-
5 tion with the Secretary of the Treasury,
6 for any portion of the year involved an ob-
7 jection to the release of information under
8 section 6103(l)(21) of the Internal Rev-
9 enue Code of 1986.

10 “(B) LOWEST INCOME THRESHOLD.—The
11 term ‘lowest income threshold’ means—

12 “(i) in the case of coverage consisting
13 of only an individual, 125 percent of the
14 poverty line (as defined in section 673(2)
15 of the Community Services Block Grant
16 Act (42 U.S.C. 9902(2)), including any re-
17 vision required by such section) for a sin-
18 gle individual; or

19 “(ii) in the case of coverage consisting
20 of a family of two or more individuals, 150
21 percent of the poverty line (as so defined)
22 for a family of the size involved.

23 “(C) FAMILY INCOME.—The term ‘family
24 income’ means, with respect to an AHBP-eli-

1 ble individual who is enrolled in a qualified
2 health plan—

3 “(i) for individual-only coverage, the
4 modified AGI of the individual; or

5 “(ii) for coverage that includes other
6 family members, the sum of the modified
7 AGI of the individual and of each other in-
8 dividual covered under the plan as a family
9 member of the individual.

10 The Commissioner, in consultation with the
11 Secretary of the Treasury, may provide for ex-
12 clusion from family income under subparagraph
13 (B) of family members (such as children) who
14 have de minimis income (as specified by the
15 Commissioner).

16 “(D) MODIFIED AGI DEFINED.—The term
17 ‘modified AGI’ means adjusted gross income
18 (as defined in section 62 of the Internal Rev-
19 enue Code of 1986)—

20 “(i) determined without regard to sec-
21 tions 135, 911, 931, and 933 of such
22 Code; and

23 “(ii) increased by the amount of inter-
24 est received or accrued during the taxable

1 year which is exempt from tax under such
2 Code.

3 In the case of an individual filing a joint return,
4 any reference in this subsection to the modified
5 adjusted gross income of such individual shall
6 be 1/2 such return's modified adjusted gross in-
7 come.

8 **“SEC. 2206. ADMINISTRATION.**

9 “(a) APPLICATION OF FEHBP RULES.—

10 “(1) IN GENERAL.—Except as otherwise pro-
11 vided in this title, the program under this title shall
12 be administered in the same manner as FEHBP.

13 “(2) SPECIFIC PROVISIONS.—In carrying out
14 this title, the Commissioner pursuant to paragraph
15 (1) shall provide for the following:

16 “(A) Approval and disapproval of plans as
17 qualified health plans.

18 “(B) Negotiation of plan benefits (includ-
19 ing cost-sharing) and plan premiums.

20 “(b) ESTABLISHMENT OF HEALTH BENEFITS AD-
21 MINISTRATION.—There is hereby established, as an inde-
22 pendent agency in the executive branch of Government,
23 a Health Benefits Administration (in this title referred to
24 as the ‘Administration’).

25 “(c) DUTIES.—

1 “(1) IN GENERAL.—The Administration shall
2 administer the program under this title and, with re-
3 spect to application of any provision of FEHBP
4 under this title, any reference in FEHBP to the Di-
5 rector of the Office of Management and Budget is
6 deemed a reference to the Commissioner of Health
7 Benefits.

8 “(2) ESTABLISHMENT OF AHBP REGIONS.—For
9 purposes of carrying out this title, the Commissioner
10 shall divide the United States into, and establish,
11 AHBP regions.

12 “(d) OFFICERS.—

13 “(1) COMMISSIONER OF HEALTH BENEFITS.—

14 “(A) IN GENERAL.—There shall be in the
15 Administration a Commissioner of Health Ben-
16 efits who shall be appointed by the President,
17 by and with the advice and consent of the Sen-
18 ate.

19 “(B) COMPENSATION.—The Commissioner
20 shall be compensated at the rate provided for
21 level I of the Executive Schedule.

22 “(C) TERM.—The provisions of section
23 702(a)(3) shall apply to the Commissioner of
24 Health Benefits in the same manner as they
25 apply to the Commissioner of Social Security,

1 except that any reference to January 19, 2001,
2 shall be treated as a reference to the date that
3 is January 19 of the fifth year that begins after
4 the date of the enactment of this title.

5 “(2) DEPUTY COMMISSIONER.—

6 “(A) IN GENERAL.—There shall be in the
7 Administration a Deputy Commissioner for
8 Health Benefits, who shall be appointed by the
9 President, by and with the advice and consent
10 of the Senate.

11 “(B) APPLICATION OF SSA PROVISIONS.—
12 The provisions of paragraphs (2) through (4) of
13 section 702(b) shall apply to the Deputy Com-
14 missioner in the same manner as they apply to
15 the Deputy Commissioner of Social Security,
16 except that any reference to January 19, 2001,
17 shall be treated as a reference to the date speci-
18 fied under paragraph (1)(C).

19 “(3) OTHER OFFICERS.—There shall be in the
20 Administration a Chief Actuary, Chief Financial Of-
21 ficer, and Inspector General. The provisions of sub-
22 sections (c) through (e) of section 702 shall apply
23 with respect to such officers in the same manner as
24 they apply with respect to comparable officers in the
25 Social Security Administration.

1 “(4) PERSONNEL; BUDGETARY MATTERS; SEAL
2 OF OFFICE.—The provisions of subsections (a)(1),
3 (a)(2), (b), and (d) of section 704 shall apply to the
4 Commissioner and the Administration in the same
5 manner as they apply to the Commissioner of Social
6 Security and the Social Security Administration, re-
7 spectively.

8 “(e) AUTHORITY AND RULEMAKING.—The provisions
9 of paragraphs (4) through (7) of section 702(a) shall
10 apply to the Administration and Commissioner in the
11 same manner as they apply to the Social Security Admin-
12 istration and the Commissioner of Social Security.

13 “(f) USE OF REGIONAL AND FIELD OFFICES.—The
14 Commissioner shall establish such regional and field of-
15 fices as may be appropriate for the convenient and effi-
16 cient administration of this title.

17 “(g) COVERAGE OF ADMINISTRATION COSTS.—The
18 Commissioner shall provide for the collection of adminis-
19 trative costs of offering coverage under this title from enti-
20 ties offering qualified health plans in the same manner
21 as FEHBP provides for coverage of its administrative
22 costs.

23 “(h) CONTINGENCY RESERVES.—

24 “(1) AHBP CONTINGENCY RESERVE.—The
25 Commissioner is authorized to establish and main-

1 tain a contingency reserve for purposes of carrying
 2 out this title and is authorized to impose under sec-
 3 tion 2204(b)(3)(A) a premium surcharge of up to
 4 three percent in order to provide financing for such
 5 reserve.

6 “(2) PLAN RESERVES.—A qualified health plan
 7 may establish contingency reserves, that are in addi-
 8 tion to the reserve described in paragraph (1), in a
 9 manner similar to that permitted under FEHBP.

10 **“SEC. 2207. DEFINITIONS.**

11 “For purposes of this title, except as otherwise pro-
 12 vided:

13 “(1) The term ‘Administration’ means the
 14 Health Benefits Administration established under
 15 section 2206(b).

16 “(2) The term ‘AHBP-eligible individual’
 17 means an individual described in section 2202(a)(2).

18 “(3) The term ‘AHBP region’ means a region
 19 as specified by the Commissioner under section
 20 2206(c)(2).

21 “(4) The term ‘Commissioner’ means the Com-
 22 missioner of Health Benefits appointed under sec-
 23 tion 2206(d)(1).

24 “(5) The term ‘FEHBP’ means the program
 25 under chapter 89 of title 5, United States Code, as

1 in effect before the date of the enactment of this
2 title.

3 “(6) The term ‘qualified employer-provided cov-
4 erage’ means health coverage that is provided on the
5 basis of employment and that the Commissioner has
6 certified as being equivalent to the coverage under
7 qualified health plans. For purposes of the previous
8 sentence, coverage provided on the basis of employ-
9 ment is not equivalent to coverage under a qualified
10 health plan unless the employer’s share of the cost
11 of such coverage is is not less than the Government’s
12 share of the cost of coverage under qualified health
13 plans.

14 “(7) The term ‘qualified health plan’ means
15 such a plan offered under this title.”.

16 (b) EFFECTIVE DATE; COLLECTIVE BARGAINING
17 AGREEMENTS.—

18 (1) BENEFITS.—Title XXII of the Social Secu-
19 rity Act shall first apply to benefits for items and
20 services furnished on or after January 1, 2008.

21 (2) EFFECT ON COLLECTIVE BARGAINING
22 AGREEMENTS.—Nothing in this Act shall be con-
23 strued as preventing a collectively bargained agree-
24 ment from providing coverage that is additional to,

1 or supplementary of, benefits provided under the
 2 American Health Benefits Program.

3 **SEC. 3. COLLECTION OF PREMIUMS, SUBSIDIES, AND EM-**
 4 **PLOYER FUNDING.**

5 (a) PREMIUM COLLECTION.—

6 (1) IN GENERAL.—Subchapter A of chapter 1
 7 of the Internal Revenue Code of 1986 (relating to
 8 determination of tax liability) is amended by adding
 9 at the end the following new part:

10 **“PART VIII—AMERICAN HEALTH BENEFITS**
 11 **PROGRAM PREMIUMS**

“Sec. 59B. American Health Benefits Program premiums.

12 **“SEC. 59B. AMERICAN HEALTH BENEFITS PROGRAM PRE-**
 13 **MIUMS.**

14 “(a) IN GENERAL.—In the case of a specified indi-
 15 vidual who is enrolled in a qualified health plan under title
 16 XXII of the Social Security Act (including by reason of
 17 a default enrollment under section 2202(c)(2)), there is
 18 hereby imposed (in addition to any other amount imposed
 19 by this subtitle) for the taxable year an amount equal to
 20 the aggregate premiums established under such title with
 21 respect to the coverage under such title which covers such
 22 individual for months beginning in such taxable year. The
 23 amount imposed under this subsection shall be reduced by

1 the amount of any government contribution under section
 2 2204(a) of such Act which relates to such coverage.

3 “(b) SPECIFIED INDIVIDUAL.—For purposes of this
 4 section, the term ‘specified individual’ means, with respect
 5 to coverage under title XXII of the Social Security Act
 6 for any month beginning in a taxable year—

7 “(1) in the case of self-only coverage, the indi-
 8 vidual covered under such coverage, and

9 “(2) in the case of family coverage, each indi-
 10 vidual covered under such coverage unless such indi-
 11 vidual is covered under such coverage by reason of
 12 being a member of the family (other than a spouse).

13 “(c) JOINT AND SEVERAL LIABILITY.—In the case
 14 of an individual and such individual’s spouse covered
 15 under family coverage—

16 “(1) each such individual shall be jointly and
 17 severally liable for the amount imposed under sub-
 18 section (a), and

19 “(2) the aggregate amount imposed under sub-
 20 section (a) with respect to such coverage may not
 21 exceed the amount imposed with respect to either
 22 such individual.

23 “(d) COORDINATION WITH OTHER PROVISIONS.—

24 “(1) NOT TREATED AS MEDICAL EXPENSE.—

25 For purposes of section 213, the amount imposed by

1 this section for any taxable year shall not be treated
2 as an expense paid for medical care.

3 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-
4 POSES.—The amount imposed by this section shall
5 not be treated as a tax imposed by this chapter for
6 purposes of determining—

7 “(A) the amount of any credit allowable
8 under this chapter, or

9 “(B) the amount of the minimum tax im-
10 posed by section 55.

11 “(3) TREATMENT UNDER SUBTITLE F.—For
12 purposes of subtitle F, the amount imposed by this
13 section shall be treated as if it were a tax imposed
14 by section 1.

15 “(4) SECTION 15 NOT TO APPLY.—Section 15
16 shall not apply to the amount imposed by this sec-
17 tion.

18 “(5) SECTION NOT TO AFFECT LIABILITY OF
19 POSSESSIONS, ETC.—This section shall not apply for
20 purposes of determining liability to any possession of
21 the United States. For purposes of section 932 and
22 7654, the amount imposed under this section shall
23 not be treated as a tax imposed by this chapter.

1 “(e) REGULATIONS.—The Secretary may prescribe
 2 such regulations as may be appropriate to carry out the
 3 purposes of this section.”.

4 (2) ADJUSTMENTS TO WITHHOLDING.—Sub-
 5 section (a) of section 3402 of such Code (relating to
 6 income tax collected at source) is amended by add-
 7 ing at the end the following new paragraph:

8 “(3) SPECIAL RULE FOR AMOUNTS IMPOSED BY
 9 SECTION 59B.—

10 “(A) IN GENERAL.—In determining the
 11 amount required to be deducted and withheld
 12 from wages paid to an individual during any
 13 month by such individual’s employer, the
 14 amount imposed by section 59B shall be taken
 15 into account.

16 “(B) WAGES NOT REDUCED BY EXEMP-
 17 TIONS.—In determining the amount to be de-
 18 ducted and withheld by reason of subparagraph
 19 (A), the amount of wages shall not be reduced
 20 as provided in paragraph (2).”.

21 (3) CLERICAL AMENDMENT.—The table of
 22 parts for subchapter A of chapter 1 of such Code is
 23 amended by adding at the end the following new
 24 item:

“PART VIII. AMERICAN HEALTH BENEFITS PROGRAM PREMIUMS”.

1 (b) CREDIT FOR SUBSIDY AND PREPAYMENTS OF
 2 AMERICAN HEALTH BENEFITS PREMIUMS.—

3 (1) IN GENERAL.—Subpart C of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code
 5 of 1986 is amended by redesignating section 36 as
 6 section 37 and by inserting after section 35 the fol-
 7 lowing new section:

8 **“SEC. 36. SUBSIDY AND PREPAYMENT OF AMERICAN**
 9 **HEALTH BENEFITS PREMIUMS.**

10 “(a) IN GENERAL.—In the case of a specified indi-
 11 vidual (as defined in section 59B(b)), there shall be al-
 12 lowed as a credit against the tax imposed by this subtitle
 13 for the taxable year an amount equal to the sum of—

14 “(1) the aggregate amount of premiums paid
 15 (other than any government contribution under sec-
 16 tion 2204(a) of the Social Security Act) with respect
 17 to the coverage of such individual under title XXII
 18 of the Social Security Act, and

19 “(2) in the case of any premium subsidy-eligible
 20 individual, the applicable premium subsidy.

21 “(b) APPLICABLE PREMIUM SUBSIDY.—

22 “(1) IN GENERAL.—For purposes of this sec-
 23 tion, the term ‘applicable premium subsidy’ means,
 24 with respect to any premium subsidy-eligible indi-
 25 vidual, the weighted average premium in effect for

1 the calendar year in which the taxable year begins
 2 (for the type of coverage involved) for plans in the
 3 AHBP region involved, as determined by the Com-
 4 missioner of Health Benefits.

5 “(2) REDUCTION BASED ON FAMILY INCOME.—

6 The amount otherwise determined under paragraph
 7 (1) shall be reduced (but not below zero) by an
 8 amount which bears the same ratio to the amount
 9 so determined as—

10 “(A) the amount (if any) by which the tax-
 11 payer’s family income for the taxable year ex-
 12 ceeds the lowest income threshold, bears to

13 “(B) the lowest income threshold.

14 “(c) PREMIUM SUBSIDY-ELIGIBLE INDIVIDUAL.—

15 For purposes of this section, the term ‘premium subsidy-
 16 eligible individual’ means an individual—

17 “(1) who is enrolled, and required to be en-
 18 rolled, in a qualified health plan under title XXII of
 19 the Social Security Act,

20 “(2) whose family income does not exceed twice
 21 the lowest income threshold, and

22 “(3) who does not have in effect (and, in the
 23 case of family coverage, each other individual cov-
 24 ered under such coverage does not have in effect),
 25 in a form and manner specified by the Secretary of

1 the Treasury in consultation with the Commissioner
2 of Health Benefits, for any portion of the taxable
3 year of such individual an objection to the release of
4 information under section 6103(k)(10)).

5 “(d) LOWEST INCOME THRESHOLD.—For purposes
6 of this section, the term ‘lowest income threshold’ means,
7 with respect to coverage consisting of—

8 “(1) only an individual, 125 percent of the pov-
9 erty line (as defined in section 673(2) of the Com-
10 munity Services Block Grant Act (42 U.S.C.
11 9902(2)), including any revision required by such
12 section) for a single individual for the calendar year
13 which includes the close of the taxable year, or

14 “(2) a family of two or more individuals, 150
15 percent of the poverty line (as so defined) for a fam-
16 ily of the size involved for the calendar year which
17 includes the close of the taxable year.

18 “(e) FAMILY INCOME.—For purposes of this sec-
19 tion—

20 “(1) IN GENERAL.—The term ‘family income’
21 means, with respect to a specified individual (as de-
22 fined in section 59B(b)) covered under coverage con-
23 sisting of—

24 “(A) only such individual, the modified ad-
25 justed gross income of such individual, or

1 “(B) two or more individuals, the sum of
 2 the modified adjusted gross income of the speci-
 3 fied individual and the modified adjusted gross
 4 income of each other individual covered under
 5 the plan for the taxable year that ends in or
 6 with the taxable year of the specified individual.

7 “(2) MODIFIED ADJUSTED GROSS INCOME.—
 8 The term ‘modified adjusted gross income’ means
 9 adjusted gross income—

10 “(A) determined without regard to sections
 11 135, 911, 931, and 933, and

12 “(B) increased by the amount of interest
 13 received or accrued during the taxable year
 14 which is exempt from tax under this title.

15 “(f) REGULATIONS.—The Secretary may prescribe
 16 such regulations as are necessary or appropriate to carry
 17 out this section, including regulations which provide for
 18 not taking into account individuals with de minimis in-
 19 come for purposes of determining family income for pur-
 20 poses of this section.”.

21 (2) CONFORMING AMENDMENTS.—

22 (A) Paragraph (2) of section 1324(b) of
 23 title 31, United States Code, is amended by in-
 24 serting “or 36” after “section 35”.

1 (B) The table of section for subpart C of
 2 part IV of subchapter A of chapter 1 of the In-
 3 ternal Revenue Code of 1986 is amended by
 4 striking the item relating to section 36 and in-
 5 serting the following new items:

“Sec. 36. Subsidy and prepayment of American Health Benefits premiums.
 “Sec. 37. Overpayments of tax.”.

6 (c) EMPLOYER FUNDING.—

7 (1) IN GENERAL.—Subtitle C of the Internal
 8 Revenue Code of 1986 (relating to employment
 9 taxes) is amended by redesignating chapter 25 as
 10 chapter 26 and by inserting after chapter 24 the fol-
 11 lowing new chapter:

12 **“CHAPTER 25—AMERICAN HEALTH**
 13 **BENEFITS PROGRAM**

“Sec. 3451. Tax on employers.
 “Sec. 3452. Refund of tax in case of qualified employer-provided coverage.
 “Sec. 3453. Instrumentalities of the United States.

14 **“SEC. 3451. TAX ON EMPLOYERS.**

15 “(a) IMPOSITION OF TAX.—In addition to other
 16 taxes, there is hereby imposed on every employer an excise
 17 tax, with respect to having individuals in his employ, equal
 18 to the applicable percentage of the wages paid by him with
 19 respect to employment.

20 “(b) APPLICABLE PERCENTAGE.—The term ‘applica-
 21 ble percentage’ means, with respect to wages paid during
 22 any period, the percentage determined by the Commis-

1 sioner of Health Benefits, in consultation with the Sec-
 2 retary, with respect to such period which, in the estimation
 3 of such Commissioner, will provide revenue to the Federal
 4 Government equal to the excess of the cost to the Federal
 5 Government of providing coverage under under title XXII
 6 of the Social Security Act over the aggregate premiums
 7 (reduced by any premium subsidies) established under
 8 such title with respect to such coverage.

9 “(c) NO COVER OVER TO POSSESSIONS.—Notwith-
 10 standing any other provision of law, no amount collected
 11 under this chapter shall be covered over to any possession
 12 of the United States.

13 “(d) OTHER DEFINITIONS.—For purposes of this
 14 chapter, the terms ‘wages’, ‘employer’, and ‘employment’
 15 have the same respective meanings as when used in chap-
 16 ter 21: except that, for purposes of this chapter, section
 17 3121(a)(1) shall not apply.

18 **“SEC. 3452. REFUND OF TAX IN CASE OF QUALIFIED EM-**
 19 **PLOYER-PROVIDED COVERAGE.**

20 “(a) IN GENERAL.—In the case of a person subject
 21 to tax under section 3451 or section 1401(c), there shall
 22 be allowed as a credit against the tax imposed by such
 23 section an amount equal to the tax imposed under such
 24 section with respect to the wages or self-employment in-
 25 come of individuals for periods during which the individual

1 is covered by qualified employer-provided coverage (which
2 is provided by such person).

3 “(b) QUALIFIED EMPLOYER-PROVIDED COV-
4 ERAGE.—For purposes of subsection (a), the term ‘quali-
5 fied employer-provided coverage’ has the meaning given
6 that term in section 2207(6) of the Social Security Act.

7 **“SEC. 3453. INSTRUMENTALITIES OF THE UNITED STATES.**

8 “Notwithstanding any other provision of law (wheth-
9 er enacted before or after the enactment of this section)
10 which grants to any instrumentality of the United States
11 an exemption from taxation, such instrumentality shall
12 not be exempt from the tax imposed by section 3451 un-
13 less such other provision of law grants a specific exemp-
14 tion, by reference to section 3451, from the tax imposed
15 by such section.”.

16 (2) SELF-EMPLOYMENT.—Section 1401 of such
17 Code is amended by redesignating subsection (c) as
18 subsection (d) and by inserting after subsection (b)
19 the following new subsection:

20 “(c) AMERICAN HEALTH BENEFITS PROGRAM.—In
21 addition to other taxes, there shall be imposed for each
22 taxable year, on the self-employment income of every indi-
23 vidual, a tax equal to the applicable percentage (as defined
24 in section 3451(b))) of the amount of the self-employment
25 income for such taxable year.”.

1 (3) CLERICAL AMENDMENT.—The table of
 2 chapters for subtitle C of such Code is amended by
 3 striking the item relating to chapter 25 and insert-
 4 ing the following:

 “CHAPTER 25. AMERICAN HEALTH BENEFITS PROGRAM

 “CHAPTER 26. GENERAL PROVISIONS RELATING TO EMPLOYMENT TAXES”

5 (d) DISCLOSURE OF TAXPAYER RETURN INFORMA-
 6 TION TO CARRY OUT COST-SHARING SUBSIDIES.—

7 (1) IN GENERAL.—Section 6103(l) of the Inter-
 8 nal Revenue Code of 1986 is amended by adding at
 9 the end the following new paragraph:

10 “(21) DISCLOSURE OF RETURN INFORMATION
 11 TO CARRY OUT AMERICAN HEALTH BENEFITS PRO-
 12 GRAM.—

13 “(A) IN GENERAL.—The Secretary shall,
 14 upon written request from the Commissioner of
 15 Health Benefits, disclose to officers, employees,
 16 and contractors of the Health Benefits Admin-
 17 istration return information of a taxpayer who
 18 is, according to the records of the Secretary, a
 19 cost-sharing subsidy-eligible individual (as de-
 20 fined in section 2205(b)(7)(A) of the Social Se-
 21 curity Act) or a family member of such an indi-
 22 vidual. Such return information shall be limited
 23 to—

1 “(i) taxpayer identity information
2 with respect to such taxpayer,

3 “(ii) the filing status of such tax-
4 payer,

5 “(iii) the adjusted gross income of
6 such taxpayer,

7 “(iv) the amounts excluded from such
8 taxpayer’s gross income under sections 135
9 and 911 to the extent such information is
10 available,

11 “(v) the interest received or accrued
12 during the taxable year which is exempt
13 from the tax imposed by chapter 1 to the
14 extent such information is available,

15 “(vi) the amounts excluded from such
16 taxpayer’s gross income by sections 931
17 and 933 to the extent such information is
18 available, and

19 “(vii) the taxable year with respect to
20 which the preceding information relates.

21 “(B) RESTRICTION ON USE OF DISCLOSED
22 INFORMATION.—Return information disclosed
23 under subparagraph (A) may be used by offi-
24 cers, employees, and contractors of the Health
25 Benefits Administration only for the purposes

of, and to the extent necessary in, establishing the appropriate amount of any cost-sharing subsidies under section 2205 of the Social Security Act.”.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (3) of section 6103(a) of such Code is amended by striking “or (20)” and inserting “(20), or (21)”.

(B) Paragraph (4) of section 6103(p) of such Code is amended by striking “(l)(16), (17), (19), or (20)” each place it appears and inserting “(l)(16), (17), (19), (20), or (21)”.

(C) Paragraph (2) of section 7213(a) of such Code is amended by striking “or (20)” and inserting “(20), or (21)”.

(e) DISCLOSURE OF TAXPAYER RETURN INFORMATION TO CARRY OUT PREMIUM SUBSIDIES.—Section 6103(k) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(10) DISCLOSURE OF INFORMATION TO ADMINISTER PREMIUM SUBSIDY UNDER SECTION 36.—

To the extent that Secretary determines that disclosure is necessary to permit the effective administration of section 36, the Secretary may disclose the modified adjusted gross income (as defined in sec-

1 tion 36) of any individual whose modified adjusted
 2 gross income is taken into account in determining
 3 the amount of any credit under such section. ”.

4 (f) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Except as provided in para-
 6 graph (2), the amendments made by this section
 7 shall take effect on January 1, 2008.

8 (2) SUBSECTIONS (a) AND (b).—The amend-
 9 ments made by subsections (a) and (b) shall apply
 10 to months beginning after December 31, 2007, in
 11 taxable years ending after such date.

12 **SEC. 4. AMENDMENTS TO THE MEDICAID PROGRAM AND**
 13 **SCHIP.**

14 (a) INCREASE IN FMAP UNDER MEDICAID FOR FOR
 15 AHBP-COVERED SERVICES.—Section 1905 of the Social
 16 Security Act (42 U.S.C. 1396d) is amended—

17 (1) in subsection (b), by inserting “subsection
 18 (y) and” after “Subject to”; and

19 (2) by adding at the end the following new sub-
 20 section:

21 “(y)(1) Subject to the succeeding provisions of this
 22 subsection, the Federal medical assistance percentage
 23 under this title for calendar quarters in a fiscal year (be-
 24 ginning with the calendar quarter that begins on the effec-
 25 tive date of the American Health Benefits Program under

1 title XXII) shall be increased by a number of percentage
2 points (rounded to the nearest 1/100th of a percentage
3 point) equal to 40 percent of the number of percentage
4 points by which 100 percent exceeds the Federal medical
5 assistance percentage otherwise determined for the State
6 without regard to this subsection.

7 “(2) Paragraph (1) shall only apply with respect to
8 medical assistance for AHBP-eligible individuals (as de-
9 fined in section 2207(2)) and only for items and services
10 for which benefits are generally provided under qualified
11 health plans under title XXII, as determined by the Sec-
12 retary in consultation with the Commissioner of Health
13 Benefits.

14 “(3) The Secretary shall provide for such special
15 rules concerning the application of this subsection to the
16 territories as the Secretary finds appropriate and equi-
17 table.”.

18 (b) SUNSET OF SCHIP FUNDING.—Section 2105 of
19 such Act (42 U.S.C. 1397ee) is amended by adding at the
20 end the following new subsection:

21 “(h) SUNSET OF PROGRAM UPON INITIATION OF
22 AMERICAN HEALTH BENEFITS PROGRAM.—No payment
23 shall be made under this title to a State for items and
24 services furnished after the effective date of the American
25 Health Benefits Program under title XXII.”.

1 **SEC. 5. STUDIES.**

2 (a) STUDIES.—The Comptroller General of the
3 United States shall provide for the following studies:

4 (1) INTEGRATION WITH OTHER PUBLIC
5 HEALTH INSURANCE COVERAGE.—A study of the
6 cost effectiveness and quality of care under the
7 American Health Benefits Program under title XXII
8 of the Social Security Act compared to the public
9 health insurance programs described in section
10 2202(b)(2) of such Act and the feasibility and desir-
11 ability of integrating such programs with the Pro-
12 gram under such title. Such study shall be con-
13 ducted in consultation with the Federal officials
14 overseeing such programs.

15 (2) GROWTH OF PRESCRIPTION DRUG COSTS.—
16 A study of the rate of growth of prescription drug
17 costs under such Program compared to such rate of
18 growth under such public health insurance pro-
19 grams.

20 (b) REPORTS.—Not later than January 1, 2010, the
21 Comptroller General shall submit to Congress a report on
22 the studies conducted under subsection (a).

○